

# CSP Questions and Answers

## 12/17/03

### A. Background/purpose/philosophy/benefits

#### **1. What is the Conservation Security Program (CSP)?**

CSP is a voluntary conservation program to support ongoing conservation stewardship of agricultural lands by providing payments to producers who maintain and enhance the condition of natural resources. CSP will identify and reward those farmers and ranchers who are meeting the highest standards of conservation and environmental management on their operations. In addition, CSP will create powerful incentives for other producers to meet those same standards of conservation performance. In short, CSP will reward the best and motivate the rest. Through these rewards and incentives, CSP will build a foundation of natural resource conservation that will provide benefits to the public for generations to come.

#### **2. What are the overall benefits of CSP?**

CSP will help producers maintain conservation stewardship and implement additional conservation practices and measures that provide added environmental enhancement. The conservation benefits gained will help farms and ranches be more economically and environmentally sustainable and will increase the natural resources benefits provided to all Americans.

#### **3. How is CSP different from other USDA conservation programs?**

Other USDA conservation programs are designed to help farmers and ranchers address existing environmental problems by paying for a portion of the cost of needed conservation practices or structures; to keep land in farming or grazing by purchasing rights to part of the land, such as development rights through easements; or to retire environmentally sensitive land altogether, such as highly erodible land or wetlands. CSP is focused on those operations that already have addressed environmental problems, while keeping the land in production.

#### **4. How is CSP different than cost-share programs like EQIP and WHIP?**

While other USDA conservation programs help with remedying specific natural resource concerns through installation or establishment of conservation practices, landowners are accepted into CSP based on stewardship already undertaken, as well as activities they agree to undertake to enhance the natural resources.

#### **5. Why has it taken so long for the program to come out?**

As originally enacted, the Conservation Security Program was an entitlement program where many producers would have received payments if they were eligible. The Administration has been working diligently to complete the regulations for CSP. NRCS has been working to set up the program correctly. As with all new programs, rules must be drafted and technical standards and administrative functions must be developed to

ensure a practical and smooth functioning program. Significant effort and thoughtful processes have gone into establishing the technical and administrative functions for this unique program.

**6. I understand that CSP is an entitlement program. Does this mean that anyone who develops an approved conservation plan will receive CSP payments?**

No. But anyone who meets the basic eligibility, qualification criteria, and documentation requirements for a CSP contract announced in the sign-up is eligible for a payment.

**7. What is a capped entitlement? How can there be a cap on an entitlement?**

An entitlement means that anyone who is eligible can participate. However, CSP currently is capped at \$3.77 billion (the pending Omnibus Bill would cap 2004 funding at \$41.4 million and then open the program as an entitlement). By capping the entitlement, a spending ceiling is added to the otherwise open-ended participation of an entitlement program. Therefore, a capped entitlement will necessarily mean that the eligibility requirements must be adequately stringent to limit participation to the number for which funds are available. It is always possible to revise requirements to accommodate more producers if additional funds become available.

**8. How much money is available for CSP?**

In the 2002 Farm Bill, as amended, Congress authorized \$3.77 billion for CSP over a 10 year period, from 2003 to 2013. However, funds may be limited by appropriation in any one year (the pending Omnibus Bill would cap 2004 funding at \$41.4 million and then open the program as an entitlement).

**9. What would it cost to operate a nationwide program?**

Assuming 500,000 producers apply for CSP and the average assistance time is one hour and twenty minutes the cost of a nationwide sign-up would be about \$43 million.

**10. What about the cap on technical assistance funding?**

By law, NRCS cannot incur technical assistance costs for NRCS employees or approved technical assistance providers in excess of 15 percent of the available funds for operating the program and providing assistance to producers. NRCS expects that a large number of producers will seek participation in CSP and ask for assistance to determine their potential eligibility for the program. Thus the statutory cap on technical assistance of 15 percent becomes another limiting factor for implementing CSP.

**11. Will it be a pilot program because of limited funds?**

No, CSP will be available in selected priority watersheds nationwide. CSP eventually will be available in every watershed.

**12. What is a priority watershed?**

NRCS will use watershed prioritization to determine specific areas eligible for accepting CSP applications in each sign-up. NRCS will nationally prioritize watersheds based on a score derived from a composite index of existing natural resource, environmental quality,

and agricultural activity data. The watershed prioritization and identification process will consider several factors, including, but not limited to:

- (I) Vulnerability of surface and ground water quality;
- (II) Potential for excessive soil quality degradation;
- (III) Condition of grazing land.

Selected watersheds would be announced in the sign-up notice.

### **13. What is the potential number of applicants for CSP?**

There is a national pool of about 1.8 million eligible farms and ranches. USDA-ERS-ARMS data indicate that more than 726,000 farming operations received USDA government payments in 2001. A majority of these could have an interest in CSP, as well as additional non-traditional customers, such as specialty crop producers and grazing operations.

### **14. How many applications do you expect to accept?**

We expect less than 50,000 total contracts will be funded out of the \$3.77 billion now available for the program. With the current \$41 million available in the pending 2004 Omnibus Appropriations Act, NRCS expects to fund between 100 and 500 contracts.

## **B. Eligibility and Application Requirements**

### **15. What are the eligibility requirements for CSP?**

First, the agricultural operation must be privately owned land or Tribal land, the majority of which must be located within a selected priority watershed. Second, to be eligible, the applicant must be in compliance with highly erodible and wetland compliance provisions, have an active interest in the agricultural operation, and have control of the land for the life of the contract. The applicant must share in the risk of producing any crop or livestock and be entitled to a share in the crop or livestock marketed from the operation.

There are certain tier eligibility and contract requirements as well. For Tier I, the producer must have addressed water quality and soil quality to the Field Office Technical Guide (FOTG) standards on part of the agricultural operation prior to application. For Tier II, the producer must have addressed water quality and soil quality to the FOTG standards on the entire agricultural operation prior to application and agree to address one other resource by the end of the contract period. For Tier III, the producer must have addressed all resource concerns to a resource management system level that meets the FOTG standards on the entire agricultural operation before application into the program and agree to additional activities outlined in the sign-up announcement.

### **16. Why are soil quality and water quality national criteria for the program?**

NRCS is emphasizing water quality and soil quality as nationally significant resource concerns because of the potential for significant environmental benefits from conservation treatment that improves their condition. Public concerns about soil as a natural resource have transcended well beyond the traditional measures for controlling soil erosion. In recent years, concerns about water quality have become increasingly

important to the country as a whole. To address these environmental goals and to help secure our Nation's ability to produce food and fiber, we must now go beyond soil erosion control and direct our efforts to improvements in soil quality and water quality.

**17. How will applications within a watershed be selected?**

All applications that meet the sign-up criteria within the priority watersheds will be placed in an enrollment category, regardless of available funding. Prior to each sign-up, the NRCS Chief will announce the categories. Those categories will then be eligible to be funded. The notice will include information about the projected number of applicants for enrollment in each category, projected expenditures for enrollees in the priority category, available funding and other revenue projected to be available for the sign-up, and results. The notice will have a public comment period.

**18. What are enrollment categories?**

The enrollment categories will be defined consistent with a producer's historic conservation performance, by resource concerns, levels of treatment, and a producer's willingness to achieve additional environmental performance. Other criteria, such as local conservation enhancement activities, limited resource producer designation, nutrient management, pest management, and at-risk species habitat creation and protection, may be used to further define categories.

**19. This seems to be a very complicated process for determining eligibility and for selecting contracts. Why so complicated?**

While developing the regulations to implement CSP, USDA has confronted several challenges while trying to balance conflicting pieces of legislation. The greatest challenge of these continuing changes was to design a new conservation entitlement program with a cap on its total expenditures over multiple years. Subsequent to the enactment of the 2002 Act, the Omnibus Bill of 2003 amended the Act to limit CSP's total expenditures to a total of \$3.8 billion over the life of the Act. The statute did not provide direction as to how the Secretary should implement a broad entitlement program with the statutory fiscal constraints.

The Omnibus Appropriations Bill for Fiscal Year 2004 (Conference Report H. Rpt. 108-401), however, contains language that, if enacted, would remove the \$3.8 billion funding limitation for the program over eleven years, but also institute a cap for Fiscal Year 2004 of \$41 million. While considering the potential change in law, the Department decided to publish and seek public comment on the preferred CSP alternative contained in this proposed rule. Under the preferred alternative, NRCS can implement CSP either with or without an expenditure cap. In the interim, the Administration will continue to consider the potential program design and implementation issues that would arise if current law were amended and the multiple-year expenditure cap were removed. Pending the enactment of this legislation, NRCS intends to publish a supplement to this proposed rule to address the potential changes in law.

**20. How will these enrollment categories be announced? Will there be a chance to comment?**

Prior to each sign-up, the NRCS Chief will announce the categories and the order in which categories are eligible to be funded. The notice will include information about the projected number of applicants for enrollment in each category, projected expenditures for enrollees in the priority category, available funding and other revenue projected to be available for the sign-up, and results. The notice will have a public comment period.

**21. Will these CSP eligibility criteria ever change?**

The basic minimum treatment of water quality and soil quality will not change. However, the Secretary may change the criteria for priority watersheds and additional contract requirements to address public concerns, emerging natural resource issues, or national strategic needs.

**C. Payments**

**22. What determines a producer's level of payment if the producer qualifies for CSP?**

CSP contract payments include one or more of the following with total payments being limited by the tier of participation:

- An annual base component for the benchmark conservation treatment.
- An annual existing practice component for those maintaining existing conservation practices.
- An enhancement component for exceptional conservation effort and additional conservation practices or activities that provide increased resource benefits beyond the prescribed level. The five enhancement components are: installing additional conservation measures, addressing locally identified conservation needs, participating in watershed related activities, on-farm research and demonstration, and assessment and evaluation activities.
- A one-time new practice component for additional needed practices.

**23. What conservation practices will be eligible for payment?**

While all practices within the NRCS Field Office Technical Guide are potentially eligible for payment, NRCS has proposed that the eligible practice list be reduced to those practices that provide the largest program benefit. This list will be published immediately prior to sign-up.

**24. What are enhancement payments?**

Enhancements refer to payments for exceptional conservation effort and additional conservation practices or activities that provide increased resource benefits beyond the prescribed level. There are five types of enhancement activities:

- The improvement of a significant resource concern to a condition that exceeds the requirements for the participant's tier of participation and contract requirements. For example: activities that increase the performance of management practices (management intensity) that contribute to additional improvement to the condition of the resources, or provide for more efficient resource utilization and energy conservation;

- An improvement in a priority local resource condition, as determined by NRCS. For example, addressing water quality and wildlife concerns by the installation of riparian forest buffers to provide shade and cool surface water temperatures to restore critical habitat for salmon;
- Participation in an on-farm conservation research, demonstration, or pilot project. For example, conducting field trials with cover crops, mulches, land management practices to control cropland and stream bank erosion;
- Cooperation with other producers to implement watershed or regional resource conservation plans that involve at least 75% of the producers in the targeted area. For example, carrying out land management practices specifically called for in a watershed plan that control erosion and sedimentation, improve soil organic matter levels, reduce surface water contamination, and improve the condition of related resources; or
- Implementation of assessment and evaluation activities relating to practices included in the conservation security plan, such as water quality sampling at field edges, drilling monitoring wells and collecting data, and gathering plant samples for specific analysis.

## **25. What are CSP “tiers”?**

As described in the 2002 Farm Bill, tiers are designations that represent increasing levels of resource treatment. The program provides three tiers of participation that differ in contract length and total payments according to the amount of treatment and the portion of the agricultural operation being offered.

## **26. How will NRCS determine the tier level of participation?**

Using the benchmark inventory and other application material, NRCS will determine if the applicant has met these minimum criteria.

- For Tier I, the producer must have addressed water quality and soil quality to the minimum level of treatment on part of the agricultural operation.
- For Tier II, the producer must have addressed water quality and soil quality to the minimum level of treatment on the entire agricultural operation.
- For Tier III, the producer must have addressed all resource concerns to a resource management system that meets the minimum level of treatment on the entire agricultural operation.

## **27. Are enhancement payments only for certain tiers?**

All three tiers include enhancement payments for exceptional conservation effort and additional conservation practices or activities that provide increased resource benefits beyond the prescribed level.

## **28. What exactly do you mean by agricultural operation?**

Agriculture operation means all agricultural land, whether contiguous or noncontiguous, under the control of the participant and constituting a cohesive management unit, where the participant provides active personal management of the operation on the date of enrollment. The significance of the definition is that “agricultural operation” defines the land area that can or must be enrolled in CSP contracts under the three tiers of

participation. In particular, the definition is instrumental in separating Tier I from Tier II and Tier III applicants.

#### **D. Sign-up/Payment Information**

##### **29. When will CSP sign-ups begin?**

The Secretary of Agriculture will announce the sign-up periods for CSP as soon as practical after the final rule is published.

##### **30. What's the process for signing up for the program?**

To apply for CSP, both the producer and his or her operation must first meet the basic eligibility criteria. Additionally, the producer must prepare an inventory of the existing conservation treatment on each land use within the agricultural operation to document the operation's resource condition according to resource quality criteria in NRCS technical guides. If the producer has successfully completed and met the screening process criteria, he or she may submit an application. Based on the resource inventory of benchmark conditions and a follow-up interview, NRCS will determine in which program tier (if any) the applicant could participate. NRCS will provide the necessary materials for completing the inventory prior to the first sign-up.

##### **31. What are the payment limitations for each contract?**

- For Tier I, contracts are for 5 years; maximum payment is \$20,000 annually.
- For Tier II, contracts are for 5-10 years; maximum payment is \$35,000 annually.
- For Tier III, contracts are for 5-10 years; maximum payment is \$45,000 annually.

##### **32. Is there a limited number of acres a landowner can offer?**

No. However, base payments, which are acreage related, are capped within the contract.

##### **33. Do I get a payment every year?**

Yes. Payments are made annually for the life of the contract.

##### **34. How does the payment schedule work?**

The participant would begin with the basic payment for the entry level of stewardship. As the participant completes additional conservation, the payment would increase as outlined in the contract.

##### **35. How will payment limitations work? Will they be on a per farm basis? A per person basis? A per entity basis? How will this be defined?**

Contract limits will be established for CSP on a per contract basis. Each contract is tied to an agricultural operation, as the term is defined in the proposed rule. Basically, this term includes all agricultural land and other lands determined by the Chief of NRCS, whether contiguous or non-contiguous, that are under the control of the participant and that constitute a cohesive management unit where the participant provides active personal management of the operation (see proposed rule for complete explanation).

## **E. Producer Participation**

### **36. According to the proposed rule, there is a lot of reference to addressing water and soil quality to be eligible for CSP. How are producers expected to do so?**

Conservation systems developed for the purpose of meeting quality criteria for water quality and soil quality will vary depending on site characteristics including: slope, climate, soil texture and other soil characteristics, and agricultural operation management considerations. Cropland practices might include: crop rotation, residue management, fertilization, weed control, insect control, buffers, field borders, and irrigation water management, if irrigated. Orchard and vineyard systems might include: crop selection, residue management, fertilization, weed control, insect control, buffers, field borders, and irrigation water management, if irrigated. Pasture systems might include: pasture and hay land planting, fertilization, grazing management, haying, weed control, water facilities, cross fencing, and irrigation water management, if irrigated. Conservation practices typically installed on rangeland systems might include: prescribed grazing, brush management, prescribed burning, water development, fencing, riparian area management, weed control, and range seeding.

### **37. Will I have to compete with other applicants for funding?**

No. By statute, applicants do not compete with one another. However, NRCS will use enrollment categories to determine a funding hierarchy. NRCS would selectively fund applications from within watersheds based upon the priority ranking. Prior to sign-up, NRCS will announce the categories that will be funded. All applicants who are able and willing to achieve the standards set for the selected categories will be funded.

### **38. Who will determine my eligibility?**

NRCS will determine producer and land eligibility.

### **39. Do I need to participate in commodity farm programs to be eligible?**

Participation in CSP does not require participation in commodity farm programs. However, there is a requirement of compliance with highly erodible land (HEL) and wetland provisions (HEL, sodbuster, and swampbuster) of the Food Security Act of 1985.

### **40. Are my commodity payment limitations affected if I receive CSP payments?**

No. Commodity payment limitations are not affected by receiving payments under CSP.

### **41. Will this program replace commodity payments?**

CSP, as it is authorized in the 2002 Farm Bill, does not replace or limit commodity payments in any way, nor does participation in commodity programs—or lack of participation—in any way affect a producer's ability to apply or be selected for CSP.

### **42. If I have multiple landlords, how will this affect me in regard to CSP?**

The CSP contract will be between USDA and those who have day-to-day management responsibilities for the land. The applicant will be responsible for any arrangements between tenant and landlord. However, it will be necessary for managers to prove that



they have control of the land for the duration of the contract (5-10 years) and will therefore be able to carry out the stewardship as specified in the contract.

**43. What do I need to be doing now to qualify?**

You could do an inventory of the conservation practices and work you have done on your land. In addition, you can always look to NRCS and our technical guides to see what the expected level of treatment for your particular kind of land or setting might be. You could visualize the level of treatment of your current conservation system and compare it to resource criteria described in the NRCS technical guides.

**44. Can I use EQIP to do work needed to qualify for CSP?**

Yes. You can also use other USDA programs, including conservation technical assistance, as well as any appropriate State or private programs to arrive at the high level of stewardship necessary to participate in CSP.

**45. How will CSP allow us to explore new and innovative technologies in the farm conservation arena?**

The enhancement provisions of CSP in particular will allow us to address new and emerging technologies in soil, water, nutrients, pest management, and other areas. For example, CSP can help cover the cost of projects that demonstrate new technologies or research promising methodologies. New and innovative practices may be made available for cost-share. We are excited about the opportunities that CSP can provide through enhancements to not only look at these new technologies, but also to provide conservation funding for assessment and evaluation to see what works best to help agriculture improve environmental concerns.

**46. I cash rent all my land to tenants; am I eligible to apply for CSP?**

No. The 2002 Farm Bill requires that producers who apply for CSP share in the risk of the crop or livestock produced. In this case, the tenants, who accept all the risk of production, are the potential applicants for this land.

**47. Are there any provisions for helping limited resource farmers?**

CSP is a flexible program that is size neutral; it is not necessary to be a large or well-established farmer to be a good steward of the land. Also, there are opportunities to structure enhancement payments to special local conditions and needs, which could include farmers with limited capital resources. NRCS plans to have a separate enrollment subcategory for limited resource farmers.

**48. Is just Tier III going to be offered?**

All tiers will be offered. All participants, regardless of the tier in which they participate, will need to meet eligibility and contract requirements.

**F. Other**

**49. What's in CSP for wildlife?**

We anticipate that wildlife will be addressed through the enhancement provisions of the program. We are looking at a number of activities that can improve wildlife habitat and other important wildlife needs and we expect that wildlife will be a priority in many locations.

**50. If I do no-till do I get in?**

While some conservation practices, such as no-till, obviously have a positive impact on a farm's natural resources, CSP is not based on a single practice or even a set of practices. It is based on addressing resource concerns, being able to demonstrate an ongoing high level of conservation, and being willing to further enhance that level.

**51. If I take a conservation workshop class will I get into CSP?**

No. It is possible to imagine some scenarios under which a conservation class could be part of an enhancement plan (e.g., in the implementation of a watershed project or as part of an on-farm demonstration). However, in and of itself, attending a conservation workshop is not adequate to demonstrate the stewardship commitment required to participate in CSP.

**52. How will NRCS handle the additional workload?**

Much of the benchmark assessment will be done by the potential applicant through self screening tools. If it appears that the producer can meet the sign-up criteria, the producer prepares an application that includes a benchmark condition inventory and supporting materials. NRCS is working to automate much of the application process. Verification of the application information will be made by NRCS personnel. A large portion of the information needed to make the assessment can be accessed through existing NRCS tools and databases.

NRCS and partner field staff will be available to assist applicants as NRCS implements CSP. The Conservation Security Plan which is completed after the applicant is approved for the program can be done by NRCS or an approved Technical Service Provider.

**53. How will the locally led process be used to carry out this program?**

State Technical Committees and local working groups will provide advice to the State conservationist in the determination of rental rates, management intensities, enhancement payments, and providing local concerns and priorities. They will also play a part in the development of State program technical policies, payment related matters, outreach efforts, and other program issues.

**54. What are the next steps?**

The 60-day public comment period will allow producers and others to comment on the proposed rule. All comments will be considered as NRCS develops the final rule with the specifics on how CSP will be implemented. Let us know your ideas and concerns. Please comment!